

**LOUISIANA BOARD OF PHARMACY  
LOUISIANA DEPARTMENT OF HEALTH  
AND HOSPITALS  
FINANCIAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2013**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 25 2013

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STATE OF LOUISIANA  
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JUNE 30, 2013**

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Board of Directors  
Louisiana Board of Pharmacy  
Baton Rouge, Louisiana

## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implantation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

As discussed in Note A, the financial statements of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, are intended to present the net position, the changes in net position, and cash flows of only that portion of the business-type activities. They do not purport to, and do not, present fairly the financial position of the State of Louisiana, as of June 30, 2013, and the changes in net position and cash flows, for the year ended in conformity with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted on inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana Board of Pharmacy's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements of Louisiana Board of Pharmacy, a component unit of the State of Louisiana.

The information had been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2013, on our consideration of the Louisiana Board of Pharmacy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Board of Pharmacy's internal control over financial reporting and compliance.

***Baxley & Associates, LLC***

Plaquemine, Louisiana  
July 31, 2013

**State of Louisiana  
Board of Pharmacy  
Management's Discussion & Analysis  
As of June 30, 2013**

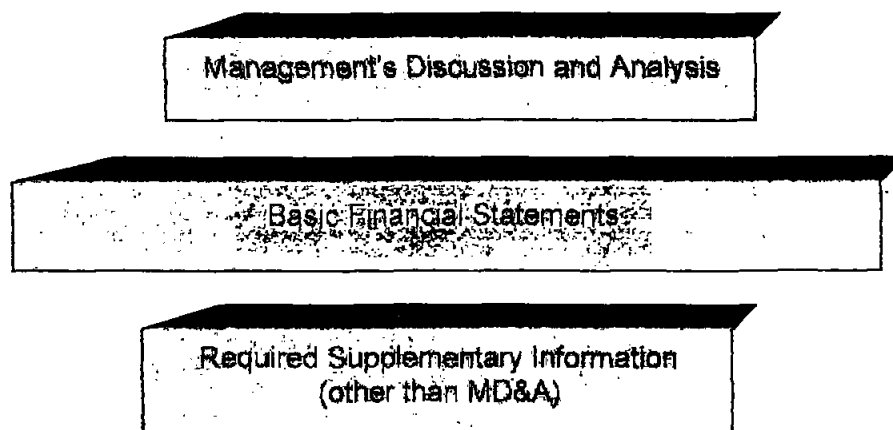
This Management's Discussion and Analysis of the Louisiana Board of Pharmacy's financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2013. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter and the Board's financial statements, which begin on page 7.

**FINANCIAL HIGHLIGHTS**

- ★ The Board's assets exceeded its liabilities at the close of fiscal year 2013 by \$3,225,349, which represents a 9.8% increase from the prior fiscal year.
- ★ From the prior fiscal year, the Board's operating revenues increased \$68,293 (2.5%), operating expenses decreased \$70,026 (2.7%) and the net results from activities increased \$162,065 (128%).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

**Basic Financial Statements**

The basic financial statements present information for the Board as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

**State of Louisiana  
Board of Pharmacy  
Management's Discussion & Analysis  
As of June 30, 2013**

The Statement of Net Position (Exhibit A, page 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position (Exhibit B, page 9) presents information showing how the Board's net position changed as a result of current year operations. Regardless of when cash is collected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (Exhibit C, page 10) presents information showing how the Board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

**FINANCIAL ANALYSIS OF THE ENTITY**

| Statement of Net Position<br>as of June 30, 2013 |               |               |
|--|---------------|---------------|
|  | Total<br>2013 | Total<br>2012 |
| Current and other assets                         | \$ 3,125,178  | \$ 2,890,888  |
| Capital assets                                   | 2,305,041     | 2,305,080     |
| Total assets                                     | 5,430,219     | 5,195,968     |
| Current liabilities                              | 202,040       | 173,255       |
| Long-term liabilities                            | 1,982,821     | 2,086,827     |
| Total liabilities                                | 2,184,860     | 2,260,082     |
| Net position:                                    |               |               |
| Net invested in capital assets                   | 1,232,833     | 1,140,684     |
| Restricted                                       | 0             | 0             |
| Unrestricted                                     | 1,992,516     | 1,798,208     |
| Total net position                               | \$ 3,225,349  | \$ 2,938,892  |

Restricted net position represents the position that is not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net position is where there are no limitations on how these amounts may be spent.

Net position of the Board increased \$288,476 (or 9.8%) from June 30, 2012 to June 30, 2013.

State of Louisiana  
Board of Pharmacy  
Management's Discussion & Analysis  
As of June 30, 2013

Statement of Revenues, Expenses, and Changes in Net Position  
for the years ended June 30, 2012 and June 30, 2013

|   | Total        |              |
|---|--------------|--------------|
|   | 2013         | 2012         |
| Operating revenues                      | \$ 2,851,929 | \$ 2,783,636 |
| Operating expenses                      | (2,492,749)  | (2,562,775)  |
| Operating income(loss)                  | 359,180      | 220,861      |
| Non-operating revenues                  | 12,530       | 18,986       |
| Non-operating expenses                  | (83,235)     | (113,367)    |
| Net increase (decrease) in net position | 288,475      | 126,410      |
| Total net position - beginning of year  | 2,936,874    | 2,810,464    |
| Total net position - end of year        | \$ 3,225,349 | \$ 2,936,874 |

The Board's operating revenues increased by \$68,293 or 2.5%. The total cost of all programs and services decreased from the prior fiscal year by \$70,026 or 2.7%.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the conclusion of the fiscal year ended June 30, 2013, the Board had \$2,265,041 invested in a broad range of capital assets, including property, furniture, office equipment, and information systems (see Table below). This amount represents a net decrease of \$40,028 over last year.

|                               | 2013                | 2012                |
|-------------------------------|---------------------|---------------------|
| Land                          | \$ 1,004,940        | \$ 1,004,940        |
| Building                      | 1,049,655           | 1,049,655           |
| Furniture and Equipment       | 335,179             | 291,563             |
| Software, Licensure & Website | 408,560             | 359,062             |
| Accumulated Depreciation      | (533,293)           | (400,151)           |
| <b>Totals</b>                 | <b>\$ 2,265,041</b> | <b>\$ 2,305,069</b> |

Debt

**State of Louisiana  
Board of Pharmacy  
Management's Discussion & Analysis  
As of June 30, 2013**

To purchase the office building, the Board pledged its future receivables to secure a note for \$1.3 million, with a term of 5 years. The separate property acquired in 2007 and originally intended to host a new office building has been listed for sale. The proceeds from the sale of that property will be used to settle or offset the current note for the office building.

The Board has set aside funds for the Other Post Employment Benefit (OPEB) obligation first identified in 2008. There were no claims or judgments at the end of the fiscal year, and the only remaining significant liability was in the form of compensated absences.

## **VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Revenues were approximately \$13,929 (or 0.5%) over budget, and expenses were \$272,931 (or 9.6%) less than budget. Approximately one half of the difference arose from the deferral of a planned upgrade of the Board's licensure information system. That task, along with the accompanying budget, was deferred to the following fiscal year. Additional expenses were avoided by focused plans to reduce telephone and postage expenses as well as deferral of some planned equipment acquisitions.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Board's elected and appointed officials considered the following factors and indicators when setting next year's budget:

- Anticipated licensure activity (acquisition, renewal, and attrition)
- Demand for goods and services
- Enforcement actions
- Historical pattern of operational costs

The Board expects that next year's results may or may not improve based on the following:

- Continued growth in total number of credentials under management
- Additional investments in technology infrastructure

## **CONTACTING THE LOUISIANA BOARD OF PHARMACY'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Malcolm Broussard, Executive Director, at [mbroussard@pharmacy.la.gov](mailto:mbroussard@pharmacy.la.gov) or (225) 925-6496.

**FINANCIAL STATEMENTS**

**EXHIBIT A**

**LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
STATEMENT OF NET POSITION  
JUNE 30, 2013**

**ASSETS****Current Assets:**

|                           |                  |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 1,634,136     |
| Investments               | 1,466,463        |
| Accounts receivable       | 4,685            |
| Interest receivable       | 1,200            |
| Prepaid expense           | 18,694           |
| Total Current Assets      | <u>3,125,178</u> |

**Land and equipment (net of accumulated depreciation):**

|                          |                  |
|--------------------------|------------------|
| Land                     | 1,004,940        |
| Office equipment         | 118,980          |
| Software                 | 148,322          |
| Building                 | 992,799          |
| Total Land and Equipment | <u>2,265,041</u> |

**TOTAL ASSETS** \$ 5,390,219

**LIABILITIES AND NET POSITION****Current Liabilities:**

|                                |                |
|--------------------------------|----------------|
| Accounts payable               | 4,319          |
| Salaries payable               | 67,036         |
| Payroll taxes payable          | 3,480          |
| Interest payable               | 5,555          |
| Note payable - current portion | 71,153         |
| Compensated absences           | 51,306         |
| Total Current Liabilities      | <u>202,849</u> |

**Noncurrent Liabilities:**

|                                  |                  |
|----------------------------------|------------------|
| Note payable - long term portion | 961,055          |
| Compensated absences             | 75,562           |
| OPEB payable                     | 925,404          |
| Total Noncurrent Liabilities     | <u>1,962,021</u> |

Total Liabilities 2,164,870

**Net Position**

|                                |                  |
|--------------------------------|------------------|
| Net Invested in capital assets | 1,232,833        |
| Unrestricted                   | 1,992,516        |
| Total Net Position             | <u>3,225,349</u> |

**TOTAL LIABILITIES AND NET POSITION** \$ 5,390,219

The accompanying notes are an integral part of this financial statement.

**EXHIBIT B**

**LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

**OPERATING REVENUES**

|                             |                  |
|-----------------------------|------------------|
| Licenses, permits, and fees | \$ 2,851,929     |
| Total Operating Revenues    | <u>2,851,929</u> |

**EXPENSES**

|   |                  |
|---|------------------|
| Personnel services and related benefits | 1,705,980        |
| Operating services                      | 235,897          |
| Materials and supplies                  | 118,545          |
| Professional fees                       | 194,437          |
| Travel                                  | 100,231          |
| Depreciation                            | 136,782          |
| Other                                   | <u>877</u>       |
| Total Operating Expenses                | <u>2,492,749</u> |

|                         |                |
|-------------------------|----------------|
| Operating Income (Loss) | <u>359,180</u> |
|-------------------------|----------------|

**NONOPERATING REVENUES (EXPENSES)**

|                           |                 |
|---------------------------|-----------------|
| Investment income         | 12,484          |
| Investment expense        | (15,210)        |
| Interest expense          | (68,025)        |
| Gain on disposal of asset | <u>46</u>       |
|                           | <u>(70,705)</u> |

|               |         |
|---------------|---------|
| Income (Loss) | 288,475 |
|---------------|---------|

|  |                  |
|--|------------------|
| Total net position - beginning of year | <u>2,936,874</u> |
|--|------------------|

|                                  |                            |
|----------------------------------|----------------------------|
| Total net position - end of year | <u><u>\$ 3,225,349</u></u> |
|----------------------------------|----------------------------|

The accompanying notes are an integral part of this financial statement.

## EXHIBIT C

LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013

**CASH FLOW FROM OPERATING ACTIVITIES**

|  |                |
|--|----------------|
| Cash received from licenses                      | \$ 2,859,206   |
| Cash payments to suppliers of goods and services | (646,461)      |
| Cash payments to employees for services          | (1,610,694)    |
| Net cash provided (used) by operating activities | <u>602,051</u> |

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

|   |                  |
|---|------------------|
| Principal paid on note                                    | (190,682)        |
| Interest paid on note                                     | (68,839)         |
| Gain on disposal of asset                                 | 46               |
| Purchase of capital assets                                | (96,974)         |
| Net cash used by capital and related financing activities | <u>(356,449)</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|  |                  |
|--|------------------|
| Purchase of securities                           | (140,000)        |
| Sale of Securities                               | 1,433            |
| Interest income                                  | 15,201           |
| Investment expense                               | (15,210)         |
| Net cash provided (used) by investing activities | <u>(138,576)</u> |

Net increase (decrease) in cash and cash equivalents 107,026

Cash and cash equivalents, beginning of year 1,527,110

Cash and cash equivalents, end of year \$ 1,634,136

**RECONCILIATION OF OPERATING INCOME AND NET CASH PROVIDED BY OPERATING ACTIVITIES**

|  |                   |
|--|-------------------|
| Operating income   | \$ 359,180        |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |                   |
| Depreciation   | 136,782           |
| Changes in assets and liabilities:   |                   |
| Accounts receivable  | 7,277             |
| Prepayments  | 1,528             |
| Accounts payable   | 13,473            |
| Payroll tax liability  | 510               |
| Compensated absences   | 2,799             |
| OPEB payable   | 80,502            |
| Net cash used by operating activities  | <u>\$ 602,051</u> |

The accompanying notes are an integral part of this financial statement.

**LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**INTRODUCTION**

The Louisiana Board of Pharmacy (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statutes (LSA-R.S) 37:1171. The board is composed of seventeen members, appointed by the governor, including two licensed pharmacist from each of the pharmacy Boards districts as provided in R.S. 37:1173.

The Board is charged with the responsibility of establishing rules and regulations that control and regulate the practice of pharmacy.

Revenues to operate the Board are self-generated by licenses and fees paid by licensees and applicants.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Reporting Entity**

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included in the reporting entity. In conformance with GASB Codification Section 2100, this entity is a component unit of the State of Louisiana because the board is not legally separate and the state holds the board's corporate powers. The accompanying basic financial statements present only the transactions of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana.

**2. Basis of Presentation**

The financial statements of the Board are prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounts of the Louisiana Board of Pharmacy are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

**Expense Recognition**

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Basis of Accounting**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

**4. Method of Accounting**

In June 1999, the Board adopted the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*." Statement 34 established standards for external financial reporting for all state and local government entities which includes a statement of net assets (or balance sheet), a statement of activities and changes in net assets, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by the GASB statement included in the following paragraph.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was adopted for the fiscal year ended June 30, 2013. GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial elements, which are distinct from assets and liabilities. Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position.

This Statement amends the net asset reporting requirements in GASB Statement No. 34, *Basic Statements - and Management's Discussion and Analysis – for Local and State Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The financial statements of the Board are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

**5. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**6. Cash and Cash Equivalents and Investments**

Cash includes amounts in demand deposits and interest bearing demand deposits, and time deposits, and time deposits. Cash equivalents include amounts in time deposits with original maturities of 90 days or less. Under state law, the Board may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or under the laws of the United States.

Under state law and as authorized by the Board, the Board may invest in United States bonds, treasury notes, mutual or trust funds, or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents.

**7. Bad Debts**

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2013, there were no amounts considered to be uncollectible.

**8. Capital Assets**

Capital assets purchased in excess of \$1,000 are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Estimated useful life is management's estimate of how long the asset is estimated to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

|           |            |
|-----------|------------|
| Furniture | 5-7 years  |
| Equipment | 5-10 years |

**8. Encumbrances**

Encumbrance accounting is used to record purchase orders as they are incurred to reserve that portion of the application appropriation. This method of accounting is not employed.

**9. Revenues and Expenses**

Revenues and expenses are recorded on the accrual basis of accounting. Revenues, consist of fees from licenses, examinations, and programs. Different licenses are renewed on different cycles throughout the year. Licenses are renewed throughout the year. Licenses are recorded in the Statement of Activities when they are earned. Operating and non-operating expenses are recorded as they are incurred. During the year, the Board issued 37,447 permits and earned an additional \$447,655 in fees. The number of new credentials during the fiscal year totals was 5,078.

When an expense is incurred for purposes for which there is both restricted and unrestricted net position available, it is the Board's policy to apply those expenses to restricted net assets to the extent such are available and then to unrestricted net position.

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**10. Employee Compensated Absences**

Employees earn and accumulate vacation and sick leave at varying rates, depending on their years of service. Each employee may accumulate an unlimited amount of vacation and sick leave. After an employee is terminated they are compensated for up to 300 hours of unused vacation at their current rate of pay. The cost of current leave privileges are recognized as a current-year expense. The cost of leave not requiring current resources is recorded as a long-term obligation.

**11. Statement of Cash Flows**

This statement is prepared using the direct method. For purposes of this statement, this entity considers all highly liquid investments with a maturity of three months or less when purchased as cash equivalents.

**12. Net Position**

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for Local and State Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following component of net position:

- *Net invested in capital assets* – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- *Restricted net position* – Consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, laws, or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – All other net position that does not meet the definition of "restricted" or "net invested in capital assets."

**NOTE B – BUDGET PRACTICES**

The budget is legally adopted and amended, as necessary, by the Board. All expenditure appropriations lapse at year end. The budgeted amounts are not included in the financial statements.

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE C – DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposits and are secured by the Federal Deposit Insurance Corporation insurance. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must equal or exceed the amount on deposit. The cash deposits held at financial institutions can be categorized according the three levels of risk.

The deposits at June 30, 2013, consisted of the following:

|  | <u>Amount</u>       |
|--|---------------------|
| Deposits per balance sheet   | <u>\$ 1,634,136</u> |
| Bank deposits in bank accounts per bank  | <u>1,607,280</u>    |
| Bank balances of deposits exposed to custodial credit risk:  |                     |
| a. Uninsured and uncollateralized  | \$ -                |
| b. Uninsured and collateralized with securities held by the pledging institution   | -                   |
| c. Uninsured and collateralized with securities held by the pledging institutions trust department or agent but not in the entity's name | <u>1,112,855</u>    |

**NOTE D – INVESTMENTS**

Investments of the Board consist of certificates of deposit, U.S. Treasury securities, and U.S. Government bonds. These securities are stated at their fair value as required by GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. The Board used quoted market values to determine fair value of the investments.

| Descriptions  | Cost                | Fair Value       | Interest Rates | Moody's Investors Service Credit quality Rating | Maturity Date   |
|---|---------------------|------------------|----------------|---|-----------------|
| Certificates of Deposit                                   | \$ 1,143,000        | \$ 1,116,018     | .05% - 1.8%    |   | 5/27/14-4/30/18 |
| U. S. Treasury Security                                   | 25,000              | 28,958           | 1.25%          | Aaa   | 7/15/20         |
| Federal National Mortgage Association (FNMA)              | 50,000              | 50,650           | 4.625%         | Aaa   | 8/15/12         |
| Total debt securities-portfolio weighted-average maturity | 1,218,000           | 1,195,626        |                |   |                 |
| Money market fund-cash equivalent                         | 270,837             | 270,837          |                |   |                 |
| Total investments   | 1,488,837           | 1,466,463        |                |   |                 |
| Accrued interest  | 1,200               | 1,200            |                |   |                 |
| Total   | <u>\$ 1,490,037</u> | <u>1,467,663</u> |                |   |                 |

**Interest Rate Risk.** The board has a formal investment policy that limits investment maturities to five years as a means of managing its exposure to fair value losses arising from increasing interest

rates.

## LOUISIANA BOARD OF PHARMACY NOTES TO FINANCIAL STATEMENTS

### NOTE D – INVESTMENTS (CONTINUED)

**Credit Risk.** The board has adopted the state investment policy at RS 49:327. The board does not have any other policy that would further limit the investment choices. The investments are government backed securities.

**Concentration of Credit Risk.** The board places no limits on the amount the board may invest in any one issuer.

### NOTE E – CAPITAL ASSETS

A summary of changes, capital assets, and accumulated depreciation for the year ended June 30, 2013 is as follows:

|   | Balance<br>June 30,<br>2012 | Additions          | Retirements  | Balance<br>June 30,<br>2013 |
|---|-----------------------------|--------------------|--------------|-----------------------------|
| Capital Assets, not being depreciated       |                             |                    |              |                             |
| Land  | \$ 1,004,940                | \$ -               | \$ -         | \$ 1,004,940                |
| Total Capital Assets, not being depreciated | <u>1,004,940</u>            | <u>-</u>           | <u>-</u>     | <u>1,004,940</u>            |
| Capital Assets, being depreciated           |                             |                    |              |                             |
| Buildings and building improvements         | 1,049,655                   | -                  | -            | 1,049,655                   |
| Less accumulated depreciation               | (30,615)                    | (26,241)           | -            | (56,856)                    |
| Total buildings and buildings improvements  | <u>1,019,040</u>            | <u>(26,241)</u>    | <u>-</u>     | <u>992,799</u>              |
| Office equipment                            | 291,563                     | 47,476             | (3,860)      | 335,179                     |
| Less accumulated depreciation               | (186,884)                   | (32,954)           | 3,639        | (216,199)                   |
| Total office equipment                      | <u>104,679</u>              | <u>14,522</u>      | <u>(221)</u> | <u>118,980</u>              |
| Software                                    | 359,062                     | 49,498             | -            | 408,560                     |
| Less accumulated depreciation               | (182,652)                   | (77,586)           | -            | (260,238)                   |
| Total software                              | <u>176,410</u>              | <u>(28,088)</u>    | <u>-</u>     | <u>148,322</u>              |
| Total Capital Assets, being depreciated     | <u>1,300,129</u>            | <u>(39,807)</u>    | <u>(221)</u> | <u>1,260,101</u>            |
| Total Capital Assets, net                   | <u>\$ 2,305,069</u>         | <u>\$ (39,807)</u> | <u>(221)</u> | <u>\$ 2,265,041</u>         |

Total depreciation expense for the year ended June 30, 2012 was \$136,781.

### NOTE F – NOTES PAYABLE

In January 2011, the Louisiana Board of Pharmacy purchased an office building and acquired a loan in the amount of \$1,300,000 with an interest rate at 6.25% and a maturity date of January 16, 2016. Iberia Bank currently holds the lien to the building title and the vacant lot valued at \$709,080 is pledged as collateral against the loan. The following is a summary of the long-term notes payable for the year ended June 30, 2013:

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE F – NOTES PAYABLE (CONTINUED)**

|                          |                          |
|--------------------------|--------------------------|
| Balance at July 1, 2012  | \$ 1,222,890             |
| Principal payments       | <u>(190,682)</u>         |
| Balance at June 30, 2013 | 1,032,208                |
| Less Current Maturity    | <u>(71,153)</u>          |
| Long-Term Notes Payable  | <u><u>\$ 961,055</u></u> |

The annual requirements to amortize all debt outstanding as of June 30, 2013 including interest payments of \$154,157 are as follows:

| <u>Year Ending<br/>June 30,</u> | <u>Notes<br/>Payable</u>   |
|---------------------------------|----------------------------|
| 2014                            | 134,521                    |
| 2015                            | 134,521                    |
| 2016                            | <u>917,323</u>             |
|                                 | <u><u>\$ 1,186,365</u></u> |

**NOTE G – LITIGATION**

There are no judgments or claims pending against the Board at June 30, 2013.

**NOTE H – RETIREMENT SYSTEM**

The employees of the Board are members of the Louisiana State Employees Retirement System (LASERS), a multiple-employer defined benefit pension plan. LASERS is a component unit of the State of Louisiana included in the State's CAFR as pension trust fund. LASERS was established and provided within Title 11 Chapter 401 of the Louisiana Revised Statutes. LASERS is a statewide public retirement system for the benefits of the state employees, which is administered by a separate board of trustees. LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. This report can be obtained by writing to LASERS, 8401 United Plaza Blvd, PO Box 44213, Baton Rouge, LA 70809 or can be obtained from their web site at:

[http://www.laseronline.org/uploads/2012\\_CAFR\\_web\\_version.pdf](http://www.laseronline.org/uploads/2012_CAFR_web_version.pdf)

All full-time employees, who began state employment prior to age 60, are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5 per cent of their highest consecutive 36 months average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested employees eligible to begin participation before July 1, 2006, are entitled to a retirement benefit, payable monthly for life (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. The System also provides death and disability benefits.

## **LOUISIANA BOARD OF PHARMACY NOTES TO FINANCIAL STATEMENTS**

### **NOTE H – RETIREMENT SYSTEM (CONTINUED)**

State law provides for fiscal year 2013, 2012, and 2011, contribution rates of 7.5% by employees. The contribution rate for the employer for the fiscal year ended June 30, 2013 increased to 29.1% of annual covered payroll from the 25.6% and 22.0% required in the fiscal years of ended June 30, 2012 and 2011, respectively. Contribution requirements to the System are set by Statute and differ from the contribution requirements determined using actuarial methods. The contributions to the System for the years ending June 30, 2013, 2012, and 2011, were \$279,473 \$249,094, and \$228,038, respectively, which are the required contributions set by Statute.

### **NOTE I –EMPLOYEE BENEFITS – OTHER POST-EMPLOYMENT BENEFITS**

The Board may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all employees become eligible for those benefits if they reach normal retirement age while working for the Board and were covered by the Board's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

*Plan Description.* The State of Louisiana's Other Post-Employment Benefit Plant (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care- OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization (EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.

LRS 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from the Office of Statewide Reporting and Accounting Policy's website at [www.doa.la.gov/osrap](http://www.doa.la.gov/osrap), writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

*Funding Policy.* LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the Board with the exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (under 10 yrs. - 81%; 10-14 yrs. - 62%; 15-19 yrs. - 44%; 20+ yrs. - 25%). A lifetime maximum for healthcare benefits is set at \$5,000,000 for the PPO, HMO, and EPO plants. The retiree must pay 50% of the life insurance premiums for him or herself and 88% for his/her spouse. Maximum coverage is capped at \$50,000.

Premiums paid for healthcare coverage vary depending on the plan chosen. For the year ended June 30, 2012, this amount ranges \$326 to \$338 per month for single members with Medicare or \$969 to \$1,049 per month without Medicare.

Premiums paid for retiree and spouse range from \$1,191 to \$1,249 per month for those with Medicare or \$1,739 to \$1,835 per month for those without Medicare. The rates for retirees with children are slightly higher than the single rates and family coverage is slightly higher than the retiree/spouse rates. The plan is currently financed on a pay-as-you-go basis by the Board.

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE I –EMPLOYEE BENEFITS – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

*OPEB Cost/Obligation.* The Board's Annual Required Contribution (ARC) is an amount actuarially in accordance with GASB 45. The Annual Required Contribution (ARC) represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the year beginning July 1, 2012, is as follows:

**Annual OPEB Expense and Net OPEB Obligation**

| Fiscal Year Ending                         | 6/30/2013         |
|--|-------------------|
| Net OPEB Obligation at June 30, 2012       | \$ 844,902        |
| Annual Required Contribution               | 128,300           |
| Interest on Net OPEB Obligation            | 33,800            |
| ARC Adjustment                             | (32,300)          |
| Annual OPEB Expense                        | 129,800           |
| Contributions made                         | <u>(49,298)</u>   |
| Net OPEB Obligation at June 30, 2013       | <u>\$ 925,404</u> |
| Percentage of Annual OPEB Cost Contributed | 37.98%            |

*Funding Status and Funding Progress.* As of June 30, 2013, the Board had not made any contributions to its post-employment benefits plan trust. A trust was established during the current year but was not funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below:

|  |                     |
|--|---------------------|
| Actuarial accrued liability (AAL)  | \$ 1,471,800        |
| Actuarial value of plan assets   | -                   |
| Unfunded actuarial accrued liability (UAAL)                              | <u>\$ 1,471,800</u> |
| Funded ratio (actuarial value of plan assets/AAL)                        | 0.00%               |
| Covered payroll (annual payroll of active employees covered by the plan) | 495,500             |
| UAAL as a percentage of covered payroll                                  | 297%                |

*Actuarial Methods and Assumptions.* Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE I – EMPLOYEE BENEFITS – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 8.0% and 6.0% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 4.5% per year. The Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2013, was thirty years.

**NOTE J – COMPENSATED ABSENCES**

The Louisiana Board of Pharmacy has the following policy related to annual and sick leave for the Board's unclassified clerical employees. The earning of annual and sick leave is based on the equivalent of full-time services. It is credited at the end of each month of regular service. Accrued unused annual and sick leave shall be carried forward to the succeeding calendar year without limitation; however, upon separation of service, no sick leave will be paid and only 300 hours of annual leave will be paid. Annual leave must be applied for by the employee and may only be used when approved by the Board.

Changes in accrued leave for the current and long-term periods are as follows:

|                        | Current          | Long-term     | Total          |
|------------------------|------------------|---------------|----------------|
| Balance, July 1, 2012  | \$ 47,547        | 76,522        | 124,069        |
| Additions              | 3,759            | -             | 3,759          |
| Deletions              | -                | (960)         | (960)          |
| Balance, June 30, 2013 | <u>\$ 51,306</u> | <u>75,562</u> | <u>126,868</u> |

**NOTE K – BOARD MEMBERS' PER DIEM**

The Board members are paid per diem of \$75 per day for each day of actual attendance of board meetings and for attending to official business of the Board as authorized by Act No. 767 Louisiana Legislature.

**NOTE L – RELATED PARTY TRANSACTIONS**

The Board did not have any related party transactions for the year ended June 30, 2013.

**LOUISIANA BOARD OF PHARMACY  
TO FINANCIAL STATEMENTS**

**NOTE M – OPERATING LEASES**

The Board has the following leases at June 30, 2013:

- Stanley Security Systems – Monthly monitoring and security. There are three leases with monthly payments of \$65, \$30, and \$39, respectively. The leases end in April 2016, March 2016, and April 2016, respectively.
- Corporate Green, LLC – Lawn maintenance and pest control. The monthly lease payments are \$210 and \$ 80, respectively, with an ending date in May, 2014.
- Xerox – Copier. The monthly lease payment is \$304 with an ending date in June, 2015.
- Allied Waste – Solid waste services. The monthly lease payment is \$55 with an ending date in April, 2014.
- Pitney Bowes – Postage meter service level agreement. The monthly lease payment is \$647 with an ending date of June, 2016.

The following is a schedule of future minimum lease payments required under the operating leases:

|      | Total         |
|------|---------------|
| 2014 | 16,760        |
| 2015 | 13,020        |
| 2016 | 9,074         |
|      | <u>38,854</u> |

**NOTE N – NEW ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, will be effective for the Board beginning with its year ending June 30, 2014. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflow of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement amends the financial statement element classification of certain items previously reported as net assets and liabilities to be consistent with the definitions in Concepts Statement No. 4.

Management has not currently determined what, if any, impact implementation of this statement may have on the financial statements of the Board.

**NOTE O – SUBSEQUENT EVENTS**

These financial statements considered subsequent events through July 31, 2013, the date the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

**SCHEDULE 1**

**LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
SCHEDULE OF BOARD MEMBERS PER DIEM  
FOR THE YEAR ENDED JUNE 30, 2013**

| <u>Board Members</u>      | <u>Amount</u> |
|---------------------------|---------------|
| Joseph L. Adams           | \$ 2,625      |
| Carl W. Aron              | 4,275         |
| Brian A. Bond             | 2,100         |
| Jacqueline L. Hall        | 825           |
| Marty R. McKay            | 2,775         |
| Chris B. Melancon         | 1,875         |
| Ronald E. Moore           | 375           |
| Blake P. Pitre            | 1,800         |
| T. Morris Rabb            | 2,400         |
| Clovis Burch              | 1,800         |
| Pamela Reed               | 1,950         |
| Richard Indovina          | 1,725         |
| Ryan Dartez               | 600           |
| Rhonny Valentine          | 900           |
| Deborah Simonson          | 975           |
| Don Resweber              | 1,650         |
| Richard A. "Andy" Soileau | 2,325         |
|                           | <hr/>         |
| Total                     | \$ 30,975     |

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

**OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

# **BAXLEY AND ASSOCIATES, LLC**

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Hugh F. Baxley, CPA/CVA/PFS/FCPA  
Margaret A. Pritchard, CPA

-----  
Staci H. Joffrion, CPA

## **SCHEDULE 2**

To the Board of Directors  
Louisiana Board of Pharmacy  
Baton Rouge, Louisiana

### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, the financial statements of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Louisiana Board of Pharmacy's basic financial statements, and have issued our report thereon dated July 31, 2013.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Louisiana Board of Pharmacy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Board of Pharmacy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Board of Pharmacy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Louisiana Board of Pharmacy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
July 31, 2013

**LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Louisiana Board of Pharmacy.
2. There are no significant deficiencies relating to the audit of the financial statements reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Louisiana Board of Pharmacy were disclosed during the audit.

**SCHEDULE 4**

**LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

There were no prior year audit findings or questioned costs.

**LOUISIANA BOARD OF PHARMACY**

**STATE OF LOUISIANA**  
**Annual Financial Statements**  
**June 30, 2013**

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STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30, 2013

Louisiana Board of Pharmacy  
3388 Brentwood Drive  
Baton Rouge, Louisiana 70809-1700

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, LA 70804-9095

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

[LLAFileroom@lla.la.gov](mailto:LLAFileroom@lla.la.gov)

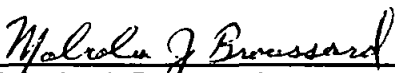
*Physical Address:*  
1201 N. Third Street  
Claiborne Building, 6<sup>th</sup> Floor, Suite 6-130  
Baton Rouge, Louisiana 70802

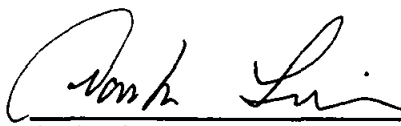
*Physical Address:*  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

**Affidavit**

Before me, the undersigned notary, personally came and appeared Malcolm J. Broussard, Executive Director of the Louisiana Board of Pharmacy, who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana Board of Pharmacy at June 30, 2013 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Sworn and subscribed before me, this 15<sup>th</sup> day of August, 2013.

  
\_\_\_\_\_  
Malcolm J. Broussard  
Executive Director  
Louisiana Board of Pharmacy

  
\_\_\_\_\_  
Carlos M. Finalet, III  
Notary Public  
Bar Roll No. 23729

Prepared by: Malcolm J. Broussard  
Title: Executive Director  
Telephone: 225.925.6481  
Date: August 15, 2013  
Email: [mbroussard@pharmacy.la.gov](mailto:mbroussard@pharmacy.la.gov)

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

**Statement A**

**ASSETS**

**CURRENT ASSETS**

|  |    |                  |
|--|----|------------------|
| Cash and Cash equivalents                                    | \$ | <u>1,634,136</u> |
| Restricted Cash and Cash Equivalents                         |    | <u></u>          |
| Investments  |    | <u>1,466,463</u> |
| Derivative Instruments                                       |    | <u></u>          |
| Receivables (net of allowance for doubtful accounts)(Note U) |    | <u>5,885</u>     |
| Due from other funds (Note Y)                                |    | <u></u>          |
| Due from federal government                                  |    | <u></u>          |
| Inventories  |    | <u></u>          |
| Prepayments  |    | <u>18,694</u>    |
| Notes Receivable   |    | <u></u>          |
| Other Current Assets   |    | <u></u>          |
| Total current assets   |    | <u>3,125,178</u> |

**NONCURRENT ASSETS**

Restricted assets (Note F):

|  |  |                  |
|--|--|------------------|
| Cash   |  | <u></u>          |
| Investments                                  |  | <u></u>          |
| Receivables                                  |  | <u></u>          |
| Investments                                  |  | <u></u>          |
| Notes Receivable                             |  | <u></u>          |
| Capital assets, net of depreciation (Note D) |  | <u></u>          |
| Land non-depreciable easements               |  | <u>1,004,940</u> |
| Buildings and improvements                   |  | <u>992,799</u>   |
| Machinery and equipment                      |  | <u>118,980</u>   |
| Software                                     |  | <u>148,322</u>   |
| Intangible assets                            |  | <u></u>          |
| Construction/Development-in-progress         |  | <u></u>          |
| Other noncurrent assets                      |  | <u></u>          |
| Total noncurrent assets                      |  | <u>2,265,041</u> |

|              |    |                  |
|--------------|----|------------------|
| Total assets | \$ | <u>5,390,219</u> |
|--------------|----|------------------|

**DEFERRED OUTFLOWS OF RESOURCES**

|   |    |                  |
|---|----|------------------|
| Accumulated decrease in fair value of hedging derivatives | \$ | <u></u>          |
| Total assets and deferred outflow of resources            | \$ | <u>5,390,219</u> |

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

**Statement A**

**LIABILITIES**

**CURRENT LIABILITIES:**

|  |           |
|--|-----------|
| Accounts payable and accruals (Note V)             | \$ 80,390 |
| Derivative instrument                              |           |
| Due to other funds (Note Y)                        |           |
| Due to federal government                          |           |
| Deferred revenues                                  |           |
| Amounts held in custody for others                 |           |
| Other current liabilities                          |           |
| Current portion of long-term liabilities: (Note K) |           |
| Contracts payable                                  |           |
| Compensated absences payable                       | 51,306    |
| Capital lease obligations                          |           |
| Claims and litigation payable                      |           |
| Notes payable                                      | 71,153    |
| Pollution remediation obligation                   |           |
| Bonds payable (include unamortized costs)          |           |
| Other long-term liabilities                        |           |
| Total current liabilities                          | 202,849   |

**NONCURRENT LIABILITIES**

|   |           |
|---|-----------|
| Contracts payable                         |           |
| Compensated absences payable              | 75,562    |
| Capital lease obligations                 |           |
| Claims and litigation payable             |           |
| Notes payable                             | 961,055   |
| Pollution remediation obligation          |           |
| Bonds payable (include unamortized costs) |           |
| OPEB payable                              | 925,404   |
| Other long-term liabilities               |           |
| Total noncurrent liabilities              | 1,962,021 |
| Total liabilities                         | 2,164,870 |

**DEFERRED INFLOWS OF RESOURCES**

|   |    |
|---|----|
| Accumulated increase in fair value of hedging derivatives | \$ |
| Deferred service concession arrangement receipts          |    |
| Total deferred inflows of resources                       | -  |

**NET POSITION**

|  |              |
|--|--------------|
| Net investment in capital assets                                   | 1,232,833    |
| Restricted for:  |              |
| Capital projects   |              |
| Debt service   |              |
| Unemployment compensation  |              |
| Other specific purposes  |              |
| Unrestricted   | 1,992,516    |
| Total net position   | 3,225,349    |
| Total liabilities, deferred inflows of resources, and net position | \$ 5,390,219 |

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY**

**Statement B**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

**OPERATING REVENUE**

|   |           |
|---|-----------|
| Sales of commodities and services                     | \$ _____  |
| Assessments   | _____     |
| Use of money and property                             | _____     |
| Licenses, permits, and fees                           | 2,851,929 |
| Federal grants and contracts                          | _____     |
| State, local and nongovernmental grants and contracts | _____     |
| Other   | _____     |
| Total operating revenues                              | 2,851,929 |

**OPERATING EXPENSES**

|                            |           |
|----------------------------|-----------|
| Cost of sales and services | _____     |
| Administrative             | 2,355,967 |
| Depreciation               | 136,782   |
| Amortization               | _____     |
| Total operating expenses   | 2,492,749 |
| Operating income(loss)     | 359,180   |

**NON-OPERATING REVENUES(EXPENSES)**

|   |          |
|---|----------|
| State appropriations  | _____    |
| Intergovernmental revenues(expenses)                                | _____    |
| Investment expense  | (15,210) |
| Use of money and property   | 12,484   |
| Gain on disposal of fixed assets                                    | 46       |
| Loss on disposal of fixed assets                                    | _____    |
| Federal grants  | _____    |
| Interest expense  | (68,025) |
| Other revenue   | _____    |
| Other expense   | _____    |
| Total non-operating revenues(expenses)                              | (70,705) |
| Income(loss) before contributions, extraordinary items, & transfers | 288,475  |

|                       |       |
|-----------------------|-------|
| Capital contributions | _____ |
| Extraordinary item    | _____ |
| Transfers in          | _____ |
| Transfers out         | _____ |

|                        |         |
|------------------------|---------|
| Change in net position | 288,475 |
|------------------------|---------|

|                                |           |
|--------------------------------|-----------|
| Total net position – beginning | 2,936,874 |
|--------------------------------|-----------|

|                             |              |
|-----------------------------|--------------|
| Total net position – ending | \$ 3,225,349 |
|-----------------------------|--------------|

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

**Statement C**

|  | Program Revenues    |                      |                                    |                                  | Net (Expense)                       |
|--|---------------------|----------------------|------------------------------------|----------------------------------|-------------------------------------|
|  | Expenses            | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position |
| Entity   | \$ <u>2,575,938</u> | \$ <u>          </u> | \$ <u>          </u>               | \$ <u>          </u>             | \$ <u>(2,575,938)</u>               |
| General revenues:  |                     |                      |                                    |                                  |                                     |
| Taxes  |                     |                      |                                    |                                  | <u>2,851,929</u>                    |
| State appropriations   |                     |                      |                                    |                                  | <u>          </u>                   |
| Grants and contributions not restricted to specific programs |                     |                      |                                    |                                  | <u>          </u>                   |
| Interest   |                     |                      |                                    |                                  | <u>12,484</u>                       |
| Miscellaneous  |                     |                      |                                    |                                  | <u>          </u>                   |
| Special items  |                     |                      |                                    |                                  | <u>          </u>                   |
| Extraordinary item   |                     |                      |                                    |                                  | <u>          </u>                   |
| Transfers  |                     |                      |                                    |                                  | <u>          </u>                   |
| Total general revenues, special items, and transfers         |                     |                      |                                    |                                  | <u>2,864,413</u>                    |
| Change in net assets   |                     |                      |                                    |                                  | <u>288,475</u>                      |
| Net position - beginning as restated                         |                     |                      |                                    |                                  | <u>2,936,874</u>                    |
| Net position - ending  |                     |                      |                                    |                                  | \$ <u>3,225,349</u>                 |

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Statement D  
(continued)**

|   |              |           |
|---|--------------|-----------|
| <b>Cash flows from operating activities</b>   |              |           |
| Cash receipts from customers  | \$ 2,859,206 |           |
| Cash receipts from grants and contracts   |              |           |
| Cash receipts from interfund services provided                                      |              |           |
| Other operating cash receipts, if any   |              |           |
| Cash payments to suppliers for goods or services                                    | (646,461)    |           |
| Cash payments to employees for services   | (1,610,694)  |           |
| Cash payments for interfund services used, including payments<br>"In Lieu of Taxes" |              |           |
| Other operating cash payments, if any (* provide explanation)                       |              |           |
| Net cash provided(used) by operating activities                                     |              | 602,051   |
| <b>Cash flows from non-capital financing activities</b>                             |              |           |
| State Appropriations  |              |           |
| Federal receipts  |              |           |
| Federal disbursements   |              |           |
| Proceeds from sale of bonds   |              |           |
| Principal paid on bonds   |              |           |
| Interest paid on bond maturities  |              |           |
| Proceeds from issuance of notes payable   |              |           |
| Principal paid on notes payable   |              |           |
| Interest paid on notes payable  |              |           |
| Operating grants received   |              |           |
| Transfers in  |              |           |
| Transfers out   |              |           |
| Other (**provide explanation)   |              |           |
| Net cash provided(used) by non-capital financing activities                         |              |           |
| <b>Cash flows from capital and related financing activities</b>                     |              |           |
| Proceeds from sale of bonds   |              |           |
| Principal paid on bonds   |              |           |
| Interest paid on bond maturities  |              |           |
| Proceeds from issuance of notes payable   |              |           |
| Principal paid on notes payable   | (190,682)    |           |
| Interest paid on notes payable  | (68,839)     |           |
| Acquisition/construction of capital assets  | (96,974)     |           |
| Proceeds from sale of capital assets  |              |           |
| Capital contributions   |              |           |
| Gain on disposal of asset   | 46           |           |
| Other (***) provide explanation)  |              |           |
| Net cash provided(used) by capital and related financing<br>activities              |              | (356,449) |
| <b>Cash flows from investing activities</b>   |              |           |
| Purchases of investment securities  | (140,000)    |           |
| Proceeds from sale of investment securities   | 1,433        |           |
| Investment expense  | (15,210)     |           |
| Interest and dividends earned on investment securities                              | 15,201       |           |
| Net cash provided(used) by investing activities                                     |              | (138,576) |
| Net increase(decrease) in cash and cash equivalents                                 |              | 107,026   |
| Cash and cash equivalents at beginning of year                                      |              | 1,527,110 |
| Cash and cash equivalents at end of year  | \$           | 1,634,136 |

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Statement D  
(concluded)**

**Reconciliation of operating income(loss) to net cash provided(used) by operating activities:**

|   |    |                |
|---|----|----------------|
| Operating income(loss)  | \$ | <u>359,180</u> |
| Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities: |    |                |
| Depreciation/amortization   |    | <u>136,782</u> |
| Provision for uncollectible accounts  |    | <u></u>        |
| Other   |    | <u></u>        |
| Changes in assets and liabilities:  |    |                |
| (Increase)decrease in accounts receivable, net  |    | <u>7,277</u>   |
| (Increase)decrease in due from other funds  |    | <u></u>        |
| (Increase)decrease in prepayments   |    | <u>1,528</u>   |
| (Increase)decrease in inventories   |    | <u></u>        |
| (Increase)decrease in other assets  |    | <u></u>        |
| Increase(decrease) in accounts payable and accruals   |    | <u>13,473</u>  |
| Increase(decrease) in compensated absences payable  |    | <u>2,799</u>   |
| Increase(decrease) in payroll tax liability   |    | <u>510</u>     |
| Increase(decrease) in deferred revenues   |    | <u></u>        |
| Increase(decrease) in OPEB payable  |    | <u>80,502</u>  |
| Increase(decrease) in other liabilities   |    | <u></u>        |
| Net cash provided(used) by operating activities   | \$ | <u>602,051</u> |

**Schedule of noncash investing, capital, and financing activities:**

|  |    |          |
|--|----|----------|
| Borrowing under capital lease(s)                                   | \$ | <u></u>  |
| Contributions of fixed assets                                      |    | <u></u>  |
| Purchases of equipment on account                                  |    | <u></u>  |
| Asset trade-ins  |    | <u></u>  |
| Other (specify)  |    | <u></u>  |
|  |    | <u></u>  |
|  |    | <u></u>  |
|  |    | <u></u>  |
| <b>Total noncash investing, capital, and financing activities:</b> | \$ | <u>-</u> |

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
Notes to the Financial Statement  
As of and for the year ended June 30, 2013**

**INTRODUCTION**

The Louisiana Board of Pharmacy was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:1171. The following is a brief description of the operations of the Louisiana Board of Pharmacy:

The Louisiana Board of Pharmacy is a component unit of the State of Louisiana. The board is composed of seventeen members, appointed by the governor, including two licensed pharmacists from each of the Board's district as provided by R.S. 37:1173. The Board is charged with the responsibility of establishing rules and regulations that control and regulate the practice of pharmacy. Revenues to operate the Board are self-generated by licenses and fees paid by licensees and applicants.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana Board of Pharmacy present information only as to the transactions of the programs of the Louisiana Board of Pharmacy as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Louisiana Board of Pharmacy are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF PHARMACY**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**B. BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of the Louisiana Board of Pharmacy are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

|                          | <u>APPROPRIATIONS</u>       |
|--------------------------|-----------------------------|
| Original approved budget | \$ <u>2,750,000</u>         |
| Amendments:              | <u>88,000</u>               |
|                          | <u>                    </u> |
|                          | <u>                    </u> |
| Final approved budget    | \$ <u><u>2,838,000</u></u>  |

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana Board of Pharmacy may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the statement of cash flows and statement of net position presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash

**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF PHARMACY**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

**GASB Statement 40, which amended GASB Statement 3**, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2013, consisted of the following:

|   | Cash         | Nonnegotiable<br>Certificates of<br>Deposit | Other<br>(Describe) | Total        |
|---|--------------|---|---------------------|--------------|
| Deposits per statement of net position<br>(Reconciled bank balance)   | \$ 1,634,136 | \$  | \$                  | \$ 1,634,136 |
| Deposits in bank accounts per bank  | \$ 1,607,280 | \$  | \$                  | \$ 1,607,280 |
| Bank balances exposed to custodial<br>credit risk:  | \$           | \$  | \$                  | \$           |
| a. Uninsured and uncollateralized   |              |   |                     |              |
| b. Uninsured and collateralized with securities<br>held by the pledging institution   |              |   |                     |              |
| c. Uninsured and collateralized with securities<br>held by the pledging institution's trust<br>department or agent, but not in the entity's<br>name | 1,112,855    |   |                     | 1,112,855    |

**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF PHARMACY**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

| <u>Banking Institution</u> | <u>Program</u>     | <u>Amount</u> |
|----------------------------|--------------------|---------------|
| 1. Whitney Bank            | Operating accounts | \$ 160,712    |
| 2. Whitney Bank            | Relief funds       | 83,713        |
| 3. Iberia Bank             | Operating accounts | 878,146       |
| 4. Iberia Bank             | Renovations        | 484,709       |
| Total                      |                    | \$ 1,607,280  |

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the statement of net position to amounts reported in this note, list below any cash in treasury and petty cash that are included on the statement of net position.

|                        |        |
|------------------------|--------|
| Cash in state treasury | \$ -0- |
| Petty cash             | \$ -0- |

## 2. INVESTMENTS

The Louisiana Board of Pharmacy does maintain investment accounts as authorized by 71:1.1501.

### Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or held by the counterparty's trust department or agent, but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF PHARMACY**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

| <u>Type of Investment</u>            | <u>Investments Exposed<br/>to Custodial Credit Risk</u>               |   | <u>All Investments Regardless of<br/>Custodial Credit Risk Exposure</u> |                       |
|--------------------------------------|---|---|---|-----------------------|
|                                      | <u>Uninsured,<br/>*Unregistered,<br/>and Held by<br/>Counterparty</u> | <u>Uninsured,<br/>*Unregistered,<br/>and Held by<br/>Counterparty's<br/>Trust Dept. or<br/>Agent Not in<br/>Entity's Name</u> | <u>Reported<br/>Amount<br/>Per Statement of<br/>Net Position</u>        | <u>Fair<br/>Value</u> |
| Negotiable CDs                       | \$  | \$  | \$ 1,116,018  | \$ 1,116,018          |
| Repurchase agreements                |   |   |   |                       |
| U.S. Government Obligations **       |   |   | 79,608  | 79,608                |
| U.S. Agency Obligations***           |   |   |   |                       |
| Common & preferred stock             |   |   |   |                       |
| Mortgages (including CMOs & MBSs)    |   |   |   |                       |
| Corporate bonds                      |   |   |   |                       |
| Mutual funds                         |   |   | 270,837   | 270,837               |
| Real estate                          |   |   |   |                       |
| External Investment Pool (LAMP) **** |   |   |   |                       |
| External Investment Pool (Other)     |   |   |   |                       |
| Other: (identify)                    |   |   |   |                       |
|                                      |   |   |   |                       |
|                                      |   |   |   |                       |
|                                      |   |   |   |                       |
|                                      |   |   |   |                       |
|                                      |   |   |   |                       |
| Total investments                    | \$ -  | \$ -  | \$ 1,466,463  | \$ 1,466,463          |

**3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND  
FOREIGN CURRENCY RISK DISCLOSURES**

| <u>Type of Debt Investment</u> | <u>Fair<br/>Value</u> | <u>Investment Maturities (in Years)</u> |              |               |                            |
|--------------------------------|-----------------------|---|--------------|---------------|----------------------------|
|                                |                       | <u>Less<br/>Than 1</u>                  | <u>1 - 5</u> | <u>6 - 10</u> | <u>Greater<br/>Than 10</u> |
| U.S. Government obligations    | \$ 79,608             | \$ 50,649                               | \$ 28,959    | \$            | \$                         |
| Certificates of deposit        | 1,116,018             | 120,317                                 | 995,701      |               |                            |
| Money market funds             | 270,837               | 270,837                                 |              |               |                            |
| Other                          |                       |   |              |               |                            |
|                                |                       |   |              |               |                            |
| Total debt investments         | \$ 1,466,463          | \$ 441,803                              | \$ 1,024,660 | \$ -          | \$ -                       |

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
Notes to the Financial Statement  
As of and for the year ended June 30, 2013**

4. DERIVATIVES (GASB 53) – NOT APPLICABLE
5. POLICIES – NOT APPLICABLE
6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – NOT APPLICABLE

**D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the statement of net position of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

**STATE OF LOUISIANA**  
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**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

**Schedule of Capital Assets (includes capital leases)**

| <u>Agency</u>                                   | Balance<br>6/30/2012 | Prior Period<br>Adjustments | Restated<br>Balance<br>6/30/2012 | Additions   | *<br>Reclassifi-<br>cation of CIP | **<br>Retirements | Balance<br>6/30/2013 |
|---|----------------------|-----------------------------|----------------------------------|-------------|-----------------------------------|-------------------|----------------------|
| Capital assets not depreciated:                 |                      |                             |                                  |             |                                   |                   |                      |
| Land  | \$ 1,004,940         | \$ -                        | \$ 1,004,940                     | \$ -        | \$ -                              | \$ -              | \$ 1,004,940         |
| Non-depreciable land improvements               | -                    | -                           | -                                | -           | -                                 | -                 | -                    |
| Non-depreciable easements                       | -                    | -                           | -                                | -           | -                                 | -                 | -                    |
| Capitalized collections                         | -                    | -                           | -                                | -           | -                                 | -                 | -                    |
| Software - development in progress              | -                    | -                           | -                                | -           | -                                 | -                 | -                    |
| Construction in progress                        | -                    | -                           | -                                | -           | -                                 | -                 | -                    |
| Total capital assets not depreciated            | \$ 1,004,940         | \$ -                        | \$ 1,004,940                     | \$ -        | \$ -                              | \$ -              | \$ 1,004,940         |
| Other capital assets:                           |                      |                             |                                  |             |                                   |                   |                      |
| Depreciable land improvements                   | \$ -                 | \$ -                        | \$ -                             | \$ -        | \$ -                              | \$ -              | \$ -                 |
| ** Accumulated depreciation                     | -                    | -                           | -                                | -           | -                                 | -                 | -                    |
| Total land improvements                         | -                    | -                           | -                                | -           | -                                 | -                 | -                    |
| Buildings                                       | 1,049,655            | -                           | 1,049,655                        | -           | -                                 | -                 | 1,049,655            |
| ** Accumulated depreciation                     | (30,615)             | -                           | (30,615)                         | (26,241)    | -                                 | -                 | (56,856)             |
| Total buildings                                 | 1,019,040            | -                           | 1,019,040                        | (26,241)    | -                                 | -                 | 992,799              |
| Machinery & equipment                           | 291,563              | -                           | 291,563                          | 47,476      | -                                 | (3,860)           | 335,179              |
| ** Accumulated depreciation                     | (186,884)            | -                           | (186,884)                        | (32,954)    | -                                 | 3,639             | (216,199)            |
| Total machinery & equipment                     | 104,679              | -                           | 104,679                          | 14,522      | -                                 | (221)             | 118,980              |
| Infrastructure                                  | -                    | -                           | -                                | -           | -                                 | -                 | -                    |
| ** Accumulated depreciation                     | -                    | -                           | -                                | -           | -                                 | -                 | -                    |
| Total infrastructure                            | -                    | -                           | -                                | -           | -                                 | -                 | -                    |
| Software (internally generated & purchased)     | 359,062              | -                           | 359,062                          | 49,498      | -                                 | -                 | 408,560              |
| Other intangibles                               | -                    | -                           | -                                | -           | -                                 | -                 | -                    |
| ** Accumulated amortization - software          | (182,652)            | -                           | (182,652)                        | (77,586)    | -                                 | -                 | (260,238)            |
| ** Accumulated amortization - other intangibles | -                    | -                           | -                                | -           | -                                 | -                 | -                    |
| Total intangibles                               | 176,410              | -                           | 176,410                          | (28,088)    | -                                 | -                 | 148,322              |
| Total other capital assets                      | \$ 1,300,129         | \$ -                        | \$ 1,123,719                     | \$ (11,719) | \$ -                              | \$ (221)          | \$ 1,111,779         |
| Capital asset summary:                          |                      |                             |                                  |             |                                   |                   |                      |
| Capital assets not depreciated                  | \$ 1,004,940         | \$ -                        | \$ 1,004,940                     | \$ -        | \$ -                              | \$ -              | \$ 1,004,940         |
| Other capital assets, book value                | 1,700,280            | -                           | 1,700,280                        | 96,974      | -                                 | (3,860)           | 1,793,394            |
| Total cost of capital assets                    | 2,705,220            | -                           | 2,705,220                        | 96,974      | -                                 | (3,860)           | 2,798,334            |
| Accumulated depreciation/amortization           | (400,151)            | -                           | (400,151)                        | (136,781)   | -                                 | 3,639             | (533,293)            |
| Capital assets, net                             | \$ 2,305,069         | \$ -                        | \$ 2,305,069                     | \$ (39,807) | \$ -                              | \$ (221)          | \$ 2,265,041         |

\* Should only be used for those completed projects coming out of construction-in-progress to capital assets.

\*\* Enter a negative number except for accumulated depreciation in the retirement column

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
Notes to the Financial Statement  
As of and for the year ended June 30, 2013**

**E. INVENTORIES – NOT APPLICABLE**

**F. RESTRICTED ASSETS – NOT APPLICABLE**

**G. LEAVE**

**1. COMPENSATED ABSENCES**

The Louisiana Board of Pharmacy has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

**2. COMPENSATORY LEAVE**

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2013 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be zero. The leave payable is recorded in the accompanying financial statements.

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the Board are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Louisiana Board of Pharmacy employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally,

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
Notes to the Financial Statement  
As of and for the year ended June 30, 2013**

retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006.

Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2012 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. A copy of the report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

[http://www.lasersonline.org/uploads/CAFR\\_2012.pdf](http://www.lasersonline.org/uploads/CAFR_2012.pdf)

All members are required by state statute to contribute with the vast majority of employees of the state who became members before July 1, 2006 contributing 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. The Board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2013, increased to 29.1% of annual covered payroll from the 25.6% and 22.0% required in fiscal years ended June 30, 2012 and 2011 respectively. The Board contributions to the System for the years ending June 30, 2013, 2012, and 2011, were \$279,473, \$249,094, and \$228,038, respectively, equal to the required contributions for each year.

**I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers. See the GASB Statement 45 note disclosures requirements in section 2 of this note.

**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF PHARMACY**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

1. Calculation of Net OPEB Obligation

The other postemployment benefits (OPEB) calculation for the year ended June 30, 2013 is as follows:

|  | Annual OPEB expense and net OPEB Obligation | 6/30/2013         |
|--|---|-------------------|
| Fiscal year ending   |   |                   |
| 1. * ARC   |   | \$ 128,300        |
| 2. * Interest on NOO   |   | 33,800            |
| 3. * ARC adjustment  |   | (32,300)          |
| 4. * Annual OPEB Expense (1. + 2. - 3.)  |   | 129,800           |
| 5. Contributions (employer pmts. to OGB for retirees' cost of 2013 insurance premiums) |   | (49,298)          |
| 6. Increase in Net OPEB Obligation (4. - 5.)   |   | 80,502            |
| 7. *NOO, beginning of year   |   | 844,902           |
| 8. **NOO, end of year (6. + 7.)  |   | <u>\$ 925,404</u> |

**J. LEASES**

1. OPERATING LEASES

The total payments for operating leases during fiscal year June 30, 2013 amounted to \$5,509. A schedule of payments for operating leases follows:

| Nature of lease | FY 2014          | FY 2015          | FY 2016         | FY 2017     | FY 2018     | FY 2019-2023 | FY 2024-2028 |
|-----------------|------------------|------------------|-----------------|-------------|-------------|--------------|--------------|
| Office Space    | \$               | \$               | \$              | \$          | \$          | \$           | \$           |
| Equipment       | 3,648            | 3,648            |                 |             |             |              |              |
| Land            |                  |                  |                 |             |             |              |              |
| Other           | 13,112           | 9,372            | 9,074           |             |             |              |              |
| Total           | <u>\$ 16,760</u> | <u>\$ 13,020</u> | <u>\$ 9,074</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u>  | <u>\$ -</u>  |

2. CAPITAL LEASES – NOT APPLICABLE

3. LESSOR DIRECT FINANCING LEASES – NOT APPLICABLE

4. LESSOR – OPERATING LEASE – NOT APPLICABLE

**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF PHARMACY**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2013:

|                                  | Balance<br>June 30,<br><u>2012</u> | <u>Year ended June 30, 2013</u> |                   | Balance<br>June 30,<br><u>2013</u> | Amounts<br>due within<br><u>one year</u> |
|----------------------------------|------------------------------------|---------------------------------|-------------------|------------------------------------|--|
|                                  |                                    | <u>Additions</u>                | <u>Reductions</u> |                                    |  |
| <b>Notes and bonds payable:</b>  |                                    |                                 |                   |                                    |  |
| Notes payable                    | \$ 1,222,890                       | \$ -                            | \$ 190,682        | \$ 1,032,208                       | \$ 71,153                                |
| Bonds payable                    | -                                  | -                               | -                 | -                                  | -  |
| Total notes and bonds            | <u>1,222,890</u>                   | <u>-</u>                        | <u>190,682</u>    | <u>1,032,208</u>                   | <u>71,153</u>                            |
| <b>Other liabilities:</b>        |                                    |                                 |                   |                                    |  |
| Contracts payable                | -                                  | -                               | -                 | -                                  | -  |
| Compensated absences payable     | 124,069                            | 2,799                           | -                 | 126,868                            | 51,306                                   |
| Capital lease obligations        | -                                  | -                               | -                 | -                                  | -  |
| Claims and litigation            | -                                  | -                               | -                 | -                                  | -  |
| Pollution remediation obligation | -                                  | -                               | -                 | -                                  | -  |
| OPEB payable                     | 844,902                            | 80,502                          | -                 | 925,404                            | -  |
| Other long-term liabilities      | -                                  | -                               | -                 | -                                  | -  |
| Total other liabilities          | <u>968,971</u>                     | <u>83,301</u>                   | <u>-</u>          | <u>1,052,272</u>                   | <u>51,306</u>                            |
| Total long-term liabilities      | <u>\$ 2,191,861</u>                | <u>\$ 83,301</u>                | <u>\$ 190,682</u> | <u>\$ 2,084,480</u>                | <u>\$ 122,459</u>                        |

**L. CONTINGENT LIABILITIES – NOT APPLICABLE**

**M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE**

**N. ACCOUNTING CHANGES – NOT APPLICABLE**

**O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE**

**P. DEFEASED ISSUES – NOT APPLICABLE**

**Q. REVENUES – PLEDGED OR SOLD (GASB 48) – NOT APPLICABLE**

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE**

**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF PHARMACY**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – NOT APPLICABLE**

**T. SHORT-TERM DEBT – NOT APPLICABLE**

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 2013, were as follows:

| Fund<br>(gen. fund, gas tax fund, etc.)                               | Customer<br>Receivables | Taxes | Receivables<br>from other<br>Governments | Other<br>Receivables | Total<br>Receivables |
|---|-------------------------|-------|--|----------------------|----------------------|
| Enterprise Fund   | \$ -                    | \$ -  | \$ -                                     | \$ 5,885             | \$ 5,885             |
| Gross receivables   | \$ -                    | \$ -  | \$ -                                     | \$ 5,885             | \$ 5,885             |
| Less allowance for uncollectible<br>accounts                          | -                       | -     | -  | -                    | -                    |
| Receivables, net  | \$ -                    | \$ -  | \$ -                                     | \$ 5,885             | \$ 5,885             |
| Amounts not scheduled<br>for collection during the<br>subsequent year | \$ -                    | \$ -  | \$ -                                     | \$ -                 | \$ -                 |

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2013, were as follows:

| Fund            | Vendors  | Salaries<br>and<br>Benefits | Accrued<br>Interest | Other<br>Payables | Total<br>Payables |
|-----------------|----------|-----------------------------|---------------------|-------------------|-------------------|
| Enterprise Fund | \$ 4,319 | \$ 70,516                   | \$ -                | \$ 5,555          | \$ 80,390         |
| Total payables  | \$ 4,319 | \$ 70,516                   | \$ -                | \$ 5,555          | \$ 80,390         |

**W. SUBSEQUENT EVENTS**

These financial statements considered subsequent events through July 31, 2013, the date the financial statements were available to be issued.

**X. SEGMENT INFORMATION & REPORTING FUNDS OF A BLENDED COMPONENT UNIT – NOT APPLICABLE**

**Y. DUE TO/DUE FROM AND TRANSFERS – NOT APPLICABLE**

**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF PHARMACY**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2013**

- Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – NOT APPLICABLE**
- AA. PRIOR-YEAR RESTATEMENT OF NET POSITION – NOT APPLICABLE**
- BB. ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) – NOT APPLICABLE**
- CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES – NOT APPLICABLE**
- DD. EMPLOYEE TERMINATION BENEFITS – NOT APPLICABLE**
- EE. POLLUTION REMEDIATION OBLIGATIONS – NOT APPLICABLE**
- FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) – NOT APPLICABLE**
- GG. RESTRICTED ASSETS – OTHER SPECIFIC PURPOSES – NOT APPLICABLE**
- HH. SERVICE CONCESSION ARRANGEMENTS – NOT APPLICABLE**

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
JUNE 30, 2013**

| Name                    | Amount               |
|-------------------------|----------------------|
| <u>Carl Aron</u>        | <u>\$ 4,275</u>      |
| <u>Jacqueline Hall</u>  | <u>825</u>           |
| <u>Marty McKay</u>      | <u>2,775</u>         |
| <u>Blake Pitre</u>      | <u>1,800</u>         |
| <u>Brian Bond</u>       | <u>2,100</u>         |
| <u>Chris Melancon</u>   | <u>1,875</u>         |
| <u>Rhonny Valentine</u> | <u>900</u>           |
| <u>Richard Soileau</u>  | <u>2,325</u>         |
| <u>Ronald Moore</u>     | <u>375</u>           |
| <u>T. Morris Rabb</u>   | <u>2,400</u>         |
| <u>Joseph Adams</u>     | <u>2,625</u>         |
| <u>Clovis Burch</u>     | <u>1,800</u>         |
| <u>Pamela Reed</u>      | <u>1,950</u>         |
| <u>Richard Indovina</u> | <u>1,725</u>         |
| <u>Ryan Dartez</u>      | <u>600</u>           |
| <u>Deborah Simonson</u> | <u>975</u>           |
| <u>Don Resweber</u>     | <u>1,650</u>         |
| <br>Total               | <br><u>\$ 30,975</u> |

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
SCHEDULE OF NOTES PAYABLE  
JUNE 30, 2013**

| Issue | Date of Issue | Original Issue     | Principal Outstanding 6/30/PY | Redeemed (Issued) | Principal Outstanding 6/30/CY | Interest Rates | Interest Outstanding 6/30/CY |
|-------|---------------|--------------------|-------------------------------|-------------------|-------------------------------|----------------|------------------------------|
| OMNI  | 1-2-11        | \$1,300,000        | \$253,509                     | \$-0-             | \$1,032,208                   | 6.25%          | \$154,157                    |
|       |               |                    |                               |                   |                               |                |                              |
|       |               |                    |                               |                   |                               |                |                              |
|       |               |                    |                               |                   |                               |                |                              |
|       |               |                    |                               |                   |                               |                |                              |
|       |               |                    |                               |                   |                               |                |                              |
|       |               |                    |                               |                   |                               |                |                              |
|       |               |                    |                               |                   |                               |                |                              |
|       |               |                    |                               |                   |                               |                |                              |
|       |               |                    |                               |                   |                               |                |                              |
|       |               |                    |                               |                   |                               |                |                              |
|       |               |                    |                               |                   |                               |                |                              |
|       |               |                    |                               |                   |                               |                |                              |
|       |               |                    |                               |                   |                               |                |                              |
|       |               |                    |                               |                   |                               |                |                              |
|       |               |                    |                               |                   |                               |                |                              |
|       |               |                    |                               |                   |                               |                |                              |
| Total |               | <u>\$1,300,000</u> | <u>\$253,509</u>              | <u>\$-0-</u>      | <u>\$1,032,208</u>            | <u>6.25%</u>   | <u>\$154,157</u>             |

\*Send copies of new amortization schedules

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
SCHEDULE OF BONDS PAYABLE  
JUNE 30, 2013 – NOT APPLICABLE**

| Issue   | Date of Issue | Original Issue | Principal Outstanding 6/30/PY | Redeemed (Issued) | Principal Outstanding 6/30/CY | Interest Rates | Interest Outstanding 6/30/CY |
|---|---------------|----------------|-------------------------------|-------------------|-------------------------------|----------------|------------------------------|
| <b>Series:</b>                                    |               |                |                               |                   |                               |                |                              |
| _____   | _____         | \$ _____       | \$ _____                      | \$ _____          | \$ _____                      | _____          | \$ _____                     |
| _____   | _____         | _____          | _____                         | _____             | _____                         | _____          | _____                        |
| _____   | _____         | _____          | _____                         | _____             | _____                         | _____          | _____                        |
| _____   | _____         | _____          | _____                         | _____             | _____                         | _____          | _____                        |
| _____   | _____         | _____          | _____                         | _____             | _____                         | _____          | _____                        |
| _____   | _____         | _____          | _____                         | _____             | _____                         | _____          | _____                        |
| _____   | _____         | _____          | _____                         | _____             | _____                         | _____          | _____                        |
| _____   | _____         | _____          | _____                         | _____             | _____                         | _____          | _____                        |
| _____   | _____         | _____          | _____                         | _____             | _____                         | _____          | _____                        |
| <b>Unamortized Discounts and Premiums Series:</b> |               |                |                               |                   |                               |                |                              |
| _____   | _____         | _____          | _____                         | _____             | _____                         | _____          | _____                        |
| _____   | _____         | _____          | _____                         | _____             | _____                         | _____          | _____                        |
| _____   | _____         | _____          | _____                         | _____             | _____                         | _____          | _____                        |
| _____   | _____         | _____          | _____                         | _____             | _____                         | _____          | _____                        |
| <b>Total</b>                                      |               | \$ _____       | \$ _____                      | \$ _____          | \$ _____                      |                | \$ _____                     |

**\*Note: Principal outstanding (bond series minus unamortized costs) at 6/30/13 should agree to bonds payable on the statement of net position.**

**Send copies of new amortization schedules for bonds and unamortized costs.**

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
SCHEDULE OF CAPITAL LEASE AMORTIZATION  
For The Year Ended June 30, 2013 –  
NOT APPLICABLE**

| Fiscal Year<br>Ending: | Payment                  | Interest                 | Principal                | Balance                  |
|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 2014                   | \$ _____                 | \$ _____                 | \$ _____                 | \$ --                    |
| 2015                   | _____                    | _____                    | _____                    | --                       |
| 2016                   | _____                    | _____                    | _____                    | --                       |
| 2017                   | _____                    | _____                    | _____                    | --                       |
| 2018                   | _____                    | _____                    | _____                    | --                       |
| 2019-2023              | _____                    | _____                    | _____                    | --                       |
| 2024-2028              | _____                    | _____                    | _____                    | --                       |
| 2029-2033              | _____                    | _____                    | _____                    | --                       |
| 2034-2038              | _____                    | _____                    | _____                    | --                       |
| Total                  | \$ <u>      --      </u> | \$ <u>      --      </u> | \$ <u>      --      </u> | \$ <u>      --      </u> |

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
SCHEDULE OF NOTES PAYABLE AMORTIZATION  
For the Year Ended June 30, 2013**

| <b>Fiscal Year<br/>Ending:</b> | <b><u>Principal</u></b>     | <b><u>Interest</u></b>      |
|--------------------------------|-----------------------------|-----------------------------|
| 2014                           | \$ <u>71,153</u>            | \$ <u>63,368</u>            |
| 2015                           | <u>75,796</u>               | <u>58,725</u>               |
| 2016                           | <u>885,259</u>              | <u>32,064</u>               |
| 2017                           | <u>                    </u> | <u>                    </u> |
| 2018                           | <u>                    </u> | <u>                    </u> |
| 2019-2023                      | <u>                    </u> | <u>                    </u> |
| 2024-2028                      | <u>                    </u> | <u>                    </u> |
| 2029-2033                      | <u>                    </u> | <u>                    </u> |
| 2034-2038                      | <u>                    </u> | <u>                    </u> |
| Total                          | \$ <u><u>1,032,208</u></u>  | \$ <u><u>154,157</u></u>    |

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
SCHEDULE OF BONDS PAYABLE AMORTIZATION  
For The Year Ended June 30, 2013 –  
NOT APPLICABLE**

| <u>Fiscal Year</u><br><u>Ending:</u> | <u>Principal</u>                                     | <u>Interest</u>                                      |
|--------------------------------------|--|--|
| 2014                                 | \$ _____   | \$ _____   |
| 2015                                 | _____  | _____  |
| 2016                                 | _____  | _____  |
| 2017                                 | _____  | _____  |
| 2018                                 | _____  | _____  |
| 2019                                 | _____  | _____  |
| 2020                                 | _____  | _____  |
| 2021                                 | _____  | _____  |
| 2022                                 | _____  | _____  |
| 2023                                 | _____  | _____  |
| 2024                                 | _____  | _____  |
| 2025                                 | _____  | _____  |
| 2026                                 | _____  | _____  |
| 2027                                 | _____  | _____  |
| 2028                                 | _____  | _____  |
| 2029                                 | _____  | _____  |
| 2030                                 | _____  | _____  |
| 2031                                 | _____  | _____  |
| 2032                                 | _____  | _____  |
| 2033                                 | _____  | _____  |
| 2034                                 | _____  | _____  |
| 2035                                 | _____  | _____  |
| 2036                                 | _____  | _____  |
| 2037                                 | _____  | _____  |
| 2038                                 | _____  | _____  |
| Subtotal                             | --   | --   |
| Unamortized<br>Discounts/Premiums    | _____  | _____  |
| Total                                | \$ <u>                    --                    </u> | \$ <u>                    --                    </u> |

**\*Note: Principal outstanding (bond series plus minus unamortized costs) at 6/30/13  
should agree to bonds payable on the statement of net position.**

**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF PHARMACY**

**COMPARISON FIGURES**

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$5 million, explain the reason for the change.

|                            | <u>2013</u>  | <u>2012</u>  | <u>Difference</u> | <u>Percentage<br/>Change</u> |
|----------------------------|--------------|--------------|-------------------|------------------------------|
| 1) Revenues                | \$ 2,864,459 | \$ 2,802,572 | \$ 61,887         | \$ 2.16%                     |
| Expenses                   | 2,575,984    | 2,783,636    | (207,652)         | (8.06%)                      |
| 2) Capital assets          | 2,265,041    | 2,305,069    | (40,208)          | (1.78%)                      |
| Long-term debt             | 1,962,021    | 2,085,827    | (123,806)         | (6.31%)                      |
| Net position               | 3,225,349    | 2,936,873    | 288,476           | 8.94%                        |
| Explanation for<br>change: |              |              |                   |                              |
|                            |              |              |                   |                              |
|                            |              |              |                   |                              |
|                            |              |              |                   |                              |

## LOUISIANA BOARD OF PHARMACY

[illegible]